

**Child Support Enforcement
Task Force
August 24, 2006**

Members present: Mike Schwindt, James Fleming, Keith Berger, Vince Gillette, Wendy Jacobson, Joe Belford, Darrell Vanyo, Bernice Delorme, Brad Davis, John Waller, Lisa Kemmet, Terry Traynor, Scott Griffeth, and Dan Richter.

Also present: Paul Kramer

Members absent: Sen. Tom Fischer, Rep. William Devlin, Bob Freed, Sally Holewa (Mike Sandal observed in her place), and Ron Anderson.

Schwindt mentioned expense vouchers were available.

Schwindt said the agenda was sent out last week, along with attachments. He asked if there were any additions or subtractions to the agenda. None were noted.

Schwindt noted that Mike Sandal was sitting in for Sally Holewa.

Approval of minutes Schwindt said the minutes from the May 25, 2006, Task Force meeting were previously e-mailed to members. The minutes are also available on the Web site. He asked if there were any corrections or adjustments to be made to the minutes. None were noted. Berger made a motion to approve the minutes without change. Belford seconded the motion. The minutes were approved by voice vote.

Incentive Distribution rules Fleming said the status of the rule, at the time of the May Task Force meeting, was that the Department of Human Services (DHS) had issued the rule in final, but the Administrative Rules Committee still needed to do its review. Since then, the Committee did have a hearing on the rule. There was no testimony apart from DHS'. The rule became effective on July 1, 2006, which led to the payment of incentives on hold. These were incentives that were being held until they could be distributed in accordance with SB 2301, under the new rule. Incentives are distributed as follows: 5% is taken for the improvement fund. Then, the distribution of the balance is 25% to the state and 75% to the counties. Of the 75% that goes to the counties, 80% is distributed based on the federal performance measures and 20% is distributed as performance incentives. The rule also addresses retention based on "consistency," which was clarified based on previous comments from the Task Force. The rule-making process is now complete for this rule. Fleming said there has been discussion with the regional office administrators about the coming year's distribution of incentives

Centralized projects Berger provided a brief summary of the status of the outgoing interstate centralized unit which is being implemented in Grand Forks. Staff positions have been advertised and there has been a great response. Regarding the caseworker positions, there were 56 qualified applicants and interviewing will soon be starting. Furniture is on order and things are moving right along. There is an October 1 start

date. In response to a question from Traynor, Berger said there have been at least two internal applications received. Schwindt said he was happy to hear how things were progressing and mentioned the physical cases would be transferred to the unit from all regional offices the last week in September.

Diane Hausmann, the administrator of the Grand Forks regional office, was present and stated that it looked like they would be coming in around \$1,500 under budget for start-up costs.

Schwindt referred to the June 30, 2006, county budget instructions that were previously e-mailed. The instructions addressed future centralized projects and asked that the budget consider two additional projects. He said the idea is to look to the regional office administrators to identify potential areas for centralization.

Davis said Locate is continuing to be studied, although he doesn't know if it will be centralized or not. There is some follow-up being done on recommendations found within his report. Looking at the possibility of contracting with a private vendor for cases in Locate over two years. There have been some initial discussions with MAXIMUS, a private company, that would take the cases for about \$25 or \$30 per case. This would mean about \$6,000 - \$9,000 considering the number of cases the program now has in Locate.

Davis also talked about reverse directories. Until relatively recently, a reverse directory concept was not available for cellular telephones. And, even more recently, they have been made available at a better price. Davis contacted a company and found there are "package deals" available. These allow a better price with increased volume.

Davis said there are also additional items for centralization being looked at. Income Withholding/National Medical Support Notice/Employer Relations was studied by Dan Jeske, administrator in the Jamestown regional office. Asset seizure had been going forward, but then was pulled when the number of projects went from two to one, but it is still being considered. The complexion of asset seizure would now change if it is redone as a centralized project. There have been changes to the law that have made seizing property easier. It would probably become more of a "strike force" type of unit, that would deal with things that are more technical such as state and federal prosecutions, child support lien network (CSLN), Qualified Domestic Relations Orders (QDROs), etc. Davis mentioned that someone is also going to study some financial items such as worksheets, etc. Regarding addressing tribal, he said it may be more difficult now that one tribe has been approved for its own IV-D program. But, he added, it is not off the table. He said he believes there will be reports on progress at various meetings and a preliminary report in about March of 2007.

In response to a comment from Gillette, Davis said he assumes the State Parent Locator Service (SPLS) is already using software available to DHS, but that he would

check. Schwindt wondered if the software was the one used by the Foster Care program – yes. Jacobson added it is used for kinship.

In response to a question from Delorme, Davis said years ago the program had a big problem with doing income withholding and then the employee would leave that job. At that time, income withholding took time because the program often didn't learn of employment until it came up on quarterly wage data. The delay could be six months from time of hire to the program learning of the employment. Now, with New Hire Reporting, employers must report New Hires to the program within 20 days of hire. So, the program learns of employment in a much more timely manner. Davis mentioned employers usually comply. If there is non-compliance, the state office communicates with the non-compliant employers. If compliance is not reached after various actions taken by the state office, the regional offices are now beginning to take some legal actions. Fleming mentioned that some non-compliance is being caught because employers are paying unemployment compensation, but are not reporting. Schwindt said the program's thrust has been to get employers into compliance. He said we also run into, especially in other states, Social Security Numbers (SSNs) used by multiple illegal aliens.

Schwindt again referred the group to the budget instructions and asked members to take a few minutes to review the section entitled "Centralization" (page 4).

Staff/PIQ study A memo (dated August 16, 2006) to Dean Mattern, DHS Human Resources, regarding the Study of Child Support PIQs was previously e-mailed to members. Fleming said this was done pursuant to SB 2301 which requires DHS and central personnel to review the classification and compensation of all child support staff in the state. He said this looks at all nine offices – the eight regional offices and the state office. Of the eight regional offices, five are in the state merit system and three are in the state's attorneys' offices. He said alignment among positions wasn't as difficult as he had expected it may be. He said, however, that there is still variation with what the positions do.

Fleming then reviewed the highlights of the memo.

Fleming said there is currently only one grade for all regional office administrators. The administrator positions across the state, however, vary as far as responsibilities and duties. For example, office size varies. In addition, some administrators do legal work or some particular aspects of case work, while others perform duties that are exclusively managerial. He said he thought it was hard to justify the variety in one classification. Fleming noted that County Social Service Board directors have different classes.

Fleming also noted the variances among the attorneys. Some start right away as an Attorney II; others are an Attorney I for years. He said the memo mentions a recent issue in Jamestown regarding a denial of a reclassification to an Attorney II; this decision was not appealed by Jamestown. Fleming said attorney work can be more

difficult when there is only one attorney in the office. Fleming said one can expect, with a new attorney, the need for an "apprenticeship." However, after the passage of a few years, a supervising attorney should not be needed except for some unusual situations.

Fleming said one of the real focal points is the program's investigators. They are required to wear various hats, and their caseloads keep getting bigger. He said one of the chief places to look at is investigators' (case workers') classifications.

Fleming said some offices are assigning duties to lower classified positions. He reviewed some of the data in the memo that suggests that, in certain regional offices, increased delegation of work to administrative support staff, particularly case worker assistants (which would be a new classification series), would result in a more efficient use of resources. There is currently quite a variance among the regional offices as far as proportion of support staff to higher classified positions.

Fleming said he believes this will be the same information that goes over to Human Resource Management Services, to see if they agree with the recommendations.

Waller mentioned this was discussed in the administrators meeting the previous day. Having certain tasks delegated has worked really well for the Fargo regional office. However, he feels part of the reason it has worked well is they have been able to pay the "lower classified" staff generously. He thinks perhaps a number of the staff will have their salaries frozen for a period of time once they come over to the state system, because they are at or above the maximum range amount. He is concerned about how these veteran staff will be retained if their salaries are frozen. Fleming noted that perhaps the idea of a case worker assistant series of classifications may help with this concern.

Some discussion ensued.

Belford asked that the group again look at the sentence in the budget instructions, in the Centralization section, which states: "Additionally, each RCSEU is to anticipate the equivalent of two asset seizure projects of about \$10,000 per month each with start dates of April 1 for the first and July 1, 2007 for the second project." He said it appeared this was placing more burden on the counties. Schwindt said regional offices have dealt with the upcoming outgoing interstate centralized unit differently. Some have left positions open in anticipation of this unit being implemented, and others have not. The answer rests with the management of each regional office and the host county commissioners.

Gillette asked about the next sentence in the budget instructions that states: "Regional shares of each would be predicated on excluding LJ cases (April 1) and including LJ cases (July 1) as a percent of the universe." Schwindt said in one situation, the result would be a bigger distribution to Bismarck and Devils Lake (offices with a larger number of LJ cases). Gillette said it appeared like the cases are excluded, then added back in.

Fleming said some projects, such as centralized asset seizure, make sense for the LJ cases to be excluded. In other projects, it may make sense to include them. Schwindt said the attempt is to keep options open without running out the budgets.

Pending grant applications Schwindt said two grant applications have been submitted to the federal government. One grant application is a Section 1115 demonstration project which involves collaboration with child welfare. One of the things the federal government is looking at is doing a better job of tying Foster Care into the process. This demonstration project includes an evaluation component, to show whether it makes sense and pays off in the long run. He mentioned some possible uses of the money including making changes to the automated systems, to link the programs' systems together. There are signs that the application is being looked at favorably. It is expected the program will know within the next month or so whether the application is approved. The improvement account or in-kind funds will be used as the state match. Barb Siegel from the state office will be running the project. Kevin Janes from DHS' Information Technology Services division will be involved as well. We are looking at two offices to pilot – possibly one large and one small. The state office may be looking to County Social Service Board directors to see who may have an interest in the project. Schwindt said that Policy Studies, Inc. (PSI) is a private company being used as a consultant on this project.

The second application is for expansion of the parental employment project. This project started out in the Dickinson area a year ago in April. Initial assessments indicate the project is working. It is more cost-effective to work with people who are having difficulty paying child support because they cannot get or hold a job. This project focuses on efforts to help them get a job. He said it is hard to say one can't find a job when there is only 2% unemployment. Participants can voluntarily participate, or can be required to participate by the court in order to show cause hearings. The person is directed to Job Service North Dakota (JSND) staff, whose job it is to work with them to see what the impediments to employment are, and refer to various supportive services. A similar project has now been implemented in the Grand Forks area. Again the preliminary results are looking very good. There are 75 people that have been referred in the Grand Forks project. Schwindt said that, overall, everyone should be a winner on this one – parents, kids, the program, and the courts. The grant, if approved, would allow state-wide expansion of the project. It is unknown at this time if the grant will be approved. In response to questions from Delorme, Traynor, and Griffeth, Schwindt provided more information. JSND would be the primary recipients of the funding, if the grant were to be approved. He said he was unsure what the start date would be. Schwindt said that it is possible we are looking at about 500 people served state-wide. He said an evaluation component would be a part of this grant as well. Delorme said she thinks it would work well in areas with jobs, but not necessarily on reservations with low employment opportunities. Schwindt said employment projects will not solve everything, but it is a step in the right direction for some. He said an added bonus is that children may be able to be covered by the new employer's health insurance policy.

Review of potential legislation This information was previously e-mailed to members.

Schwindt reminded the members that, at the May Task Force meeting, it was decided to recommend state administration, at state expense.

Fleming said the bill drafts provided at the May meeting had some things missing. These new versions make those corrections. Version 1, dated August 18, 2006, would make the switch to 0% county funding right away. Version 2, dated August 17, 2006, would phase-down county funding.

Fleming reviewed Version 1. He noted that much of the bill draft were technical changes needed to implement the concept. He then provided a review of the bill draft, Sections 1 - 11.

There were questions and discussion regarding Section 11 – “Payment of unused leave.” Fleming said the year 2017 was used to give the employee ten years before he or she needs to make an election to retain or “cash out” the unused leave. He said this section applies to both annual leave and sick leave. There was some discussion about whether any county pays out sick leave when an employee resigns. Most agreed that they do not pay out unused sick leave hour-for-hour; however, some pay out a part. There are variances. Fleming said, with the ten years, the employee has had a chance to accrue leave under the state. Berger wondered if the employee could sell part and carry part – would that be an option? Schwindt said the sell part is pretty much universal.

Belford said it will be the employees’ decision to be made as far as what is best for him or her. Traynor wonder if there was other past history for a similar buy-out provision. He wondered if the Legislature may look askance at this provision. Schwindt said, based on last session’s discussions, he thinks it should be okay. Fleming said there was an attempt to address some amendments from last session as well as other concerns that had been raised.

Davis wondered what would happen if the employee resigned in 2015? Fleming said that was a good question and he would look to see if the Section as drafted would work for that scenario.

Fleming then continued reviewing the bill draft, Sections 12 – 15.

Regarding language in Section 15 which states “Any employee who becomes a state employee under this section is entitled to receive a salary in an amount not less than the salary received as an employee of the regional child support enforcement agency, plus any increase for all state employees that is provided on [July 1, 2007],” Fleming noted the July 1, 2007, date was a change from the previous version. In response to a question from Berger, Fleming said that the employee would receive any county raise on January 1, 2007, and any state raise on July 1, 2007. More discussion ensued.

Belford wondered whether some research should be done on how it worked when clerks of court were transferred to the state a few years back.

Sandal said there are seniority considerations regarding, for example, how “years of service” would be applied. This was raised during the clerk of court transfer. Fleming said that issue was raised last session. The “years of service” from the county would transfer to the Public Employees Retirement System (PERS). Fleming added that many Human Resource issues raised last session have been addressed. If the answer was not what was wanted, there was an attempt to address it in the bill drafts.

In response to a question from Gillette, Fleming said the state would pick up the bill for the rent, effective July 1, 2007. He said, hopefully, there will be a corresponding appropriation to do so.

Fleming then continued reviewing the bill draft, Sections 16 – 18.

The expiration date in Section 18 applies to the “leave buy-out” section.

In response to a question from Waller regarding Section 16 (transfer of funds), Fleming said unexpended incentive funds would all be transferred. Berger said the concern is that we all come out whole at the time of transfer. He said they don’t want to end up, for example, \$50,000 short because they will not get the incentives. Berger said expenses and money have to go together. Fleming acknowledged there will be things that will need to be discussed.

Fleming then reviewed Version 2. This is the version that would phase-out county funding, rather than have it be done immediately. He said the sections between the two versions are very similar up until Section 11. This is the Section which contains the phase-down. He explained that Section in more detail.

In response to a question from Belford, Schwindt said he does not expect that DHS will be introducing legislation for state administration. He asked which way the Task Force wanted to go as far as a recommendation. Berger said he thinks the faster the county gets out of it, the better.

There was discussion between Waller and Fleming regarding timing issues of incentive funds – when incentives were earned versus when incentives were received.

Vanyo made a motion to recommend Version 1, which provides for 0% county funding as of July 1, 2007, with the understanding there is flexibility to draft changes needed to address issues such as unused leave balances, etc. Belford seconded the motion. Roll call vote was taken. The motion passed 14 ayes, 0 nays, and 5 absent and not voting.

Vanyo said, while he made the motion to recommend Version 1, that does not mean he has had a change of heart regarding state administration. Rather, there comes a time when one sees the writing on the wall, and needs to then do what is needed to ensure it is done in the best way possible.

Schwindt said that, ultimately, it will be the Legislature that decides where this goes. North Dakota's program is now rated second nationally, and some may ask what is wrong with where we are? The question should be: are we where we should be? He said he thinks this change will get us to where we should be.

Findings and recommendations Fleming handed out a "DRAFT" Final Report. The purpose of drafting this was to start the process of developing a summary of Task Force recommendations. Schwindt mentioned the passed motion regarding the elimination of county funding on July 1, 2007, should be included in this document.

Fleming reviewed the document including Summary of Recommendations, Background, Process of Restructuring, Findings, Recommendations, and Conclusion.

Members provided various comments: (It was also agreed that members would have time following the meeting to review and provide comments.)

- Traynor pointed out the second and the sixth bullet under Findings seemed to conflict with one another (regarding amount of resources). General consensus to remove language following "in terms of performance" in the second bullet.
- Vanyo questioned use of the word "significant" in the second bullet under Findings. ("There remains significant room for improvement. . .") Several members agreed. Fleming said that 28% goes uncollected; only 48% of single parents get child support; he thinks there remains significant room for improvement. It was later agreed to remove the word.
- Delorme said, regarding language in the seventh bullet under Findings, the items listed were not the only obstacles. For example, there is difficulty locating parents. Feels we are talking about "apples and oranges." Some discussion ensued. Later, it was decided to add something about the complexity of job duties.
- Vanyo expressed concern with words such as "hampered" (fourth bullet under Findings) and "detracts" (fifth and tenth bullet under Findings). Later, replacement words "challenged" and "distracts" were determined to be better words.

Vanyo expressed concerns about some of the wording contained in the document and said how some of this goes back to his initial concerns. Belford said perhaps some things did need to be reworded. Berger thought perhaps things could be stated more generally. Waller said he also had previously expressed reservations with moving to state administration. At the May meeting he voted the way he did because he knew that was the direction the Task Force was going. Berger said that he voted the way he did based on funding issues.

Belford suggested that perhaps a good mission statement as to why the Task Force wants to make these changes would be good.

Several members suggested condensing or softening the language.

Fleming asked if there was any comments relating to the Recommendations. Delorme said that tribal needs to be addressed. In addition, she feels tribal should be added to the first recommendation. She said she thinks state administration would provide some consistency of services, especially with tribes. She said tribes need contact people. Fleming said perhaps something could be done in the third bullet under Findings. Schwindt said there is no question there is a change in the environment, and that the state needs to work with the tribes. He said he has no problem specifically addressing it in this document. He mentioned we will have other changes as well – like charging customer fees. Delorme said currently there is a disconnect among services. Traynor recommended language such as “The advent of tribal child support enforcement programs and rapid changes to federal regulations. . .” There was general consensus on that type of language.

Vanyo provided additional comments:

- He said he did not like the word “creates” in the second sentence under Conclusion. It was decided to change to “lends itself.”
- He asked why the third sentence (about the TMR-MAXIMUS study), under Conclusion, was even there? Fleming said it was there to say there is already a first step available, to be used as a guide in transition. Vanyo said he felt it was unimportant.
- He suggested the fourth sentence, should say something about a consensus being reached rather than saying “the Task Force is convinced.”
- He said he was concerned with the language in the second paragraph under conclusions that states that “changing to state administration . . . will not guarantee improvements in program performance.” He feels this is what the state has been saying all along, now it appears to be a backing off of that. Previous testimony has said that state administration would lead to increased program performance, and he would like this to be re-worded. Traynor said this is language that others could zero in on. It was decided to use language such as “is expected to result in” language.

Schwindt said that changes would be made based on today’s discussions and then it would be sent out in draft. Members would then have one week to provide additional comments.

Traynor made a motion that the report, with changes discussed at today’s meeting and changes that are made based on comments that come in during the comment period, be accepted as the Task Force’s Final Report. Delorme seconded the motion. Roll call vote was taken. The motion passed 14 ayes, 0 nays, and 5 absent and not voting.

In response to Belford, Fleming said changes to Version 1 would be considered, such as to the unused leave section.

Schwindt thanked the members for their service. He said he feels this will be a better product for us in the future. The program performs well in many respects. We will continue to provide quality services to the citizens of North Dakota.

Meeting adjourned.